



AECON

MARCH 4, 2020

Aecon Group Inc. (TSX: ARE)

Full Year 2019 Results Presentation

Forward-Looking Information

The information in this presentation includes certain forward-looking statements. Although these forward-looking statements are based on currently available competitive, financial and economic data and operating plans, they are subject to risks and uncertainties. In addition to events beyond Aecon's control, there are factors which could cause actual or future results, performance or achievements to differ materially from those expressed or inferred herein including risks associated with an investment in the common shares of Aecon and the risks related to Aecon's business, including, but not limited to, the timing of projects, unanticipated costs and expenses, general market and industry conditions and operational and reputational risks, including Large Project Risk and Contractual Factors.

Risk factors are discussed in greater detail in the section on "Risk Factors" included in the Management Discussion and Analysis filed on March 3, 2020 which is available on SEDAR at www.sedar.com.

Forward-looking statements may include, without limitation, statements regarding the operations, business, financial condition, expected financial results, performance, prospects, ongoing objectives, strategies and outlook for Aecon. Forward-looking statements may in some cases be identified by words such as "will", "plans", "believes", "expects", "anticipates", "estimates", "projects", "intends", "should" or the negative of these terms, or similar expressions. Other important factors, in addition to those discussed in this document, could affect the future results of Aecon and could cause its results to differ materially from those expressed in any forward-looking statements. Except as required by applicable securities laws, forward-looking statements speak only as of the date on which they are made and Aecon undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

2019 Highlights Delivering on Objectives

What we **said**

Revenue & Adjusted EBITDA Growth

Improve Margins

Focus on Backlog Execution while Bidding Work for Future Years

Financial Strength and Risk Reduction

Balanced Capital Allocation

What we **delivered**

- 13% Revenue Growth*
- 23% Adjusted EBITDA Growth#

- 50 bps improvement in Adjusted EBITDA Margin#

- Record revenue and EBITDA achieved in 2019
- Backlog maintained near record high despite no new “mega-project” awards as expected
- ~\$1 billion in diversified backlog announced in Q4 2019 and Q1 2020

- Almost \$200 million of cash from operations generated in 2020
- Reduction in working capital investment despite strong revenue growth
- Increased and extended credit and performance security facilities in 2019 to support ongoing growth

- 10% increase in dividend announced March 2020
- NCIB program in place since November 2019
- Three strategic tuck-in acquisitions in 18 months

* Excluding Contract Mining business sold in 2018

Excluding Contract Mining business sold in 2018 and one-time executive transition charge in 2019

Q4 and Full Year 2019 Financial Results – Reported[^]

\$ Millions
(except EPS, \$ per share)

	Three Months Ended Dec 31 [^]			Year Ended Dec 31 [^]		
	2019	2018	Change ⁺	2019	2018	Change ⁺
Revenue	917.3	948.5	▼ 3%	3,460	3,266	▲ 6%
Gross Profit	103.9	105.6	▼ 2%	367.6	357.1	▲ 3%
Gross Margin %	11.3%	11.1%	▲ 20 bps	10.6%	10.9%	▼ 30 bps
Adjusted EBITDA	61.7	72.4	▼ 15%	221.9	207.0	▲ 7%
Adjusted EBITDA Margin %	6.7%	7.6%	▼ 90 bps	6.4%	6.3%	▲ 10 bps
Operating Profit	31.1	42.6	▼ 27%	107.3	89.4	▲ 20%
Profit	20.2	27.9	▼ 28%	72.9	59.0	▲ 24%
EPS (Diluted)	\$0.31	\$0.41	▼ 24%	\$1.12	\$0.94	▲ 19%
New Awards	1,151	764	▲ 51%	3,429	5,840	▼ 41%
Backlog	6,790	6,821	▼ 0.5%	6,790	6,821	▼ 0.5%

[^] See slide 5 for Year End 2019 like-for-like results excluding contract mining business sold in Q4 2018 and one-time executive transition charge of \$7.0 million in Q4 2019

⁺ bps = basis point

Q4 and Full Year 2019 Results – Like-for-Like*

\$ Millions	Three Months Ended Dec 31*			Year Ended Dec 31*		
	2019	2018	Change ⁺	2019	2018	Change ⁺
Revenue	917.3	907.4	▲ 1%	3,460	3,058	▲ 13%
Gross Profit	103.9	99.4	▲ 5%	367.6	329.8	▲ 11%
Gross Margin %	11.3%	11.0%	▲ 30 bps	10.6%	10.8%	▼ 20 bps
Adjusted EBITDA	68.7	67.4	▲ 2%	228.9	185.7	▲ 23%
Adjusted EBITDA Margin %	7.5%	7.4%	▲ 10 bps	6.6%	6.1%	▲ 50 bps
Operating Profit	38.1	45.6	▼ 16%	114.3	100.3	▲ 14%
Profit	25.3	31.5	▼ 20%	78.0	73.0	▲ 7%
EPS (Diluted)	\$0.38	\$0.46	▼ 17%	\$1.19	\$1.13	▲ 6%

2018 Contract Mining Contribution

\$ Millions	Q1 2018	Q2 2018	Q3 2018	Q4 2018	FY 2018
Revenue	59.9	43.1	64.5	41.1	208.5
EBITDA	12.9	(4.0)	7.3	5.0	21.3
Operating Profit	4.1	(11.1)	(1.0)	(3.0)	(10.9)

* Like-for-like results exclude contract mining business sold in Q4 2018 and one-time executive transition charge of \$7.0 million in Q4 2019
⁺ bps = basis point

Construction 2019 Results - Reported

Revenue up by **\$206M**, or **6%**, year-over-year

- ▲ \$426M in Civil and Urban Transportation Systems driven by increases in both eastern and western Canada
- ▲ \$144M in Nuclear from refurbishment work in Ontario
- ▼ \$254M in Conventional Industrial primarily due to sale of the contract mining business in November 2018
- ▼ \$110M from decreased activity in mainline pipeline projects in western Canada

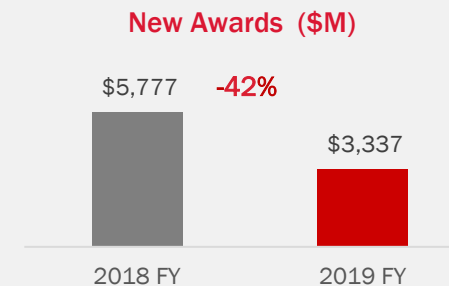
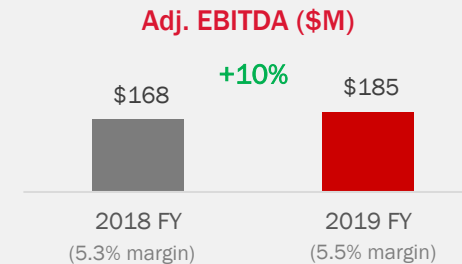
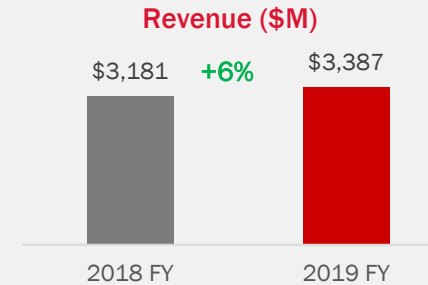
Adjusted EBITDA up by **\$17M**, or **10%**, year-over-year

- ▲ Primarily due to increased revenue and margins from Civil and Urban Transportation Systems

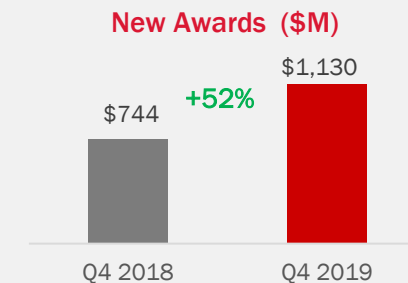
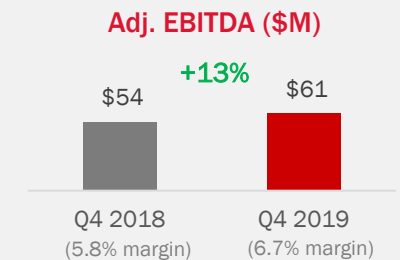
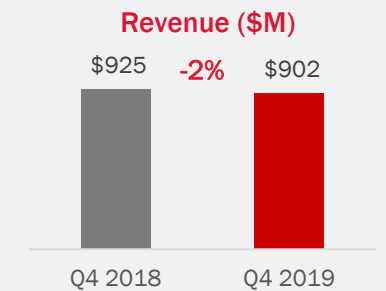
New awards lower by **2,440M**, or **42%**, year-over-year

- ▼ Primarily due to a number of large project awards in 2018 (Site C Generating Station and Spillways Civil Works, the Réseau express métropolitain Montreal LRT, the Finch West LRT, and the Gordie Howe International Bridge projects)

Full Year 2019*



Q4 2019*



Concessions 2019 Results - Reported

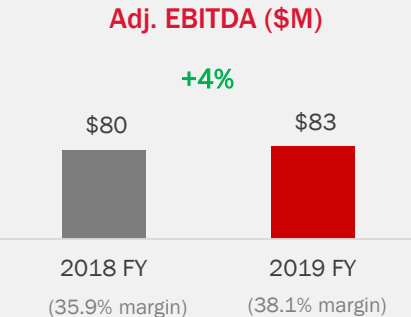
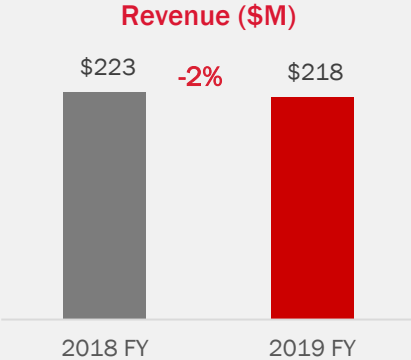
Full Year 2019*

Revenue down by **\$5M**, or **2%**, year-over-year

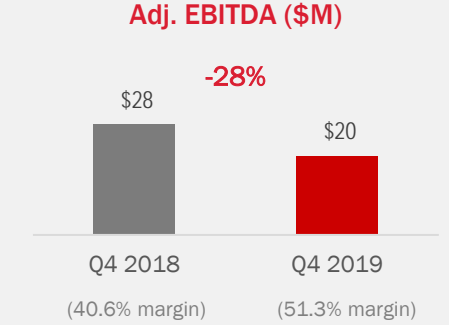
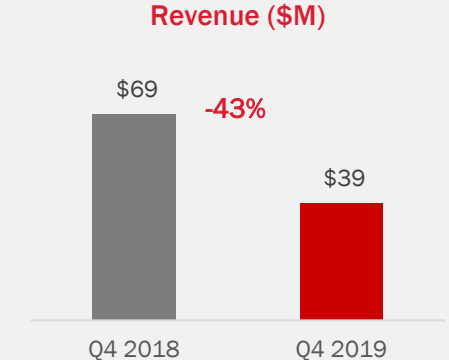
- ▼ \$6M driven by lower management and development fees for Canadian concessions
- ▲ \$1M higher revenue from Bermuda International Airport Redevelopment Project

Adjusted EBITDA up by **\$3M**, or **4%**, year-over-year

Primarily driven by increased revenue from Bermuda International Airport Redevelopment Project



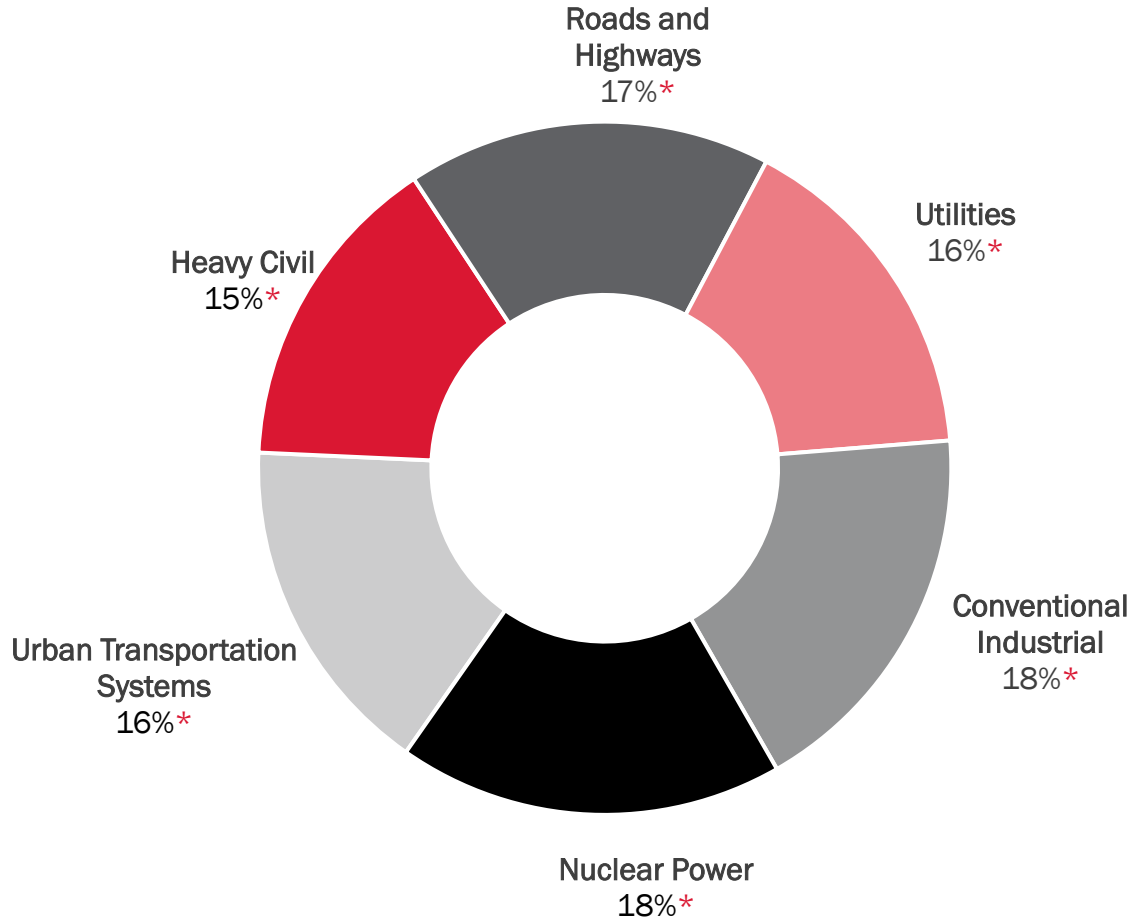
Q4 2019*



Diverse & Resilient Business Model

Construction

2019 Revenue \$3,387 M⁺
2019 EBITDA \$185 M⁺



Concessions

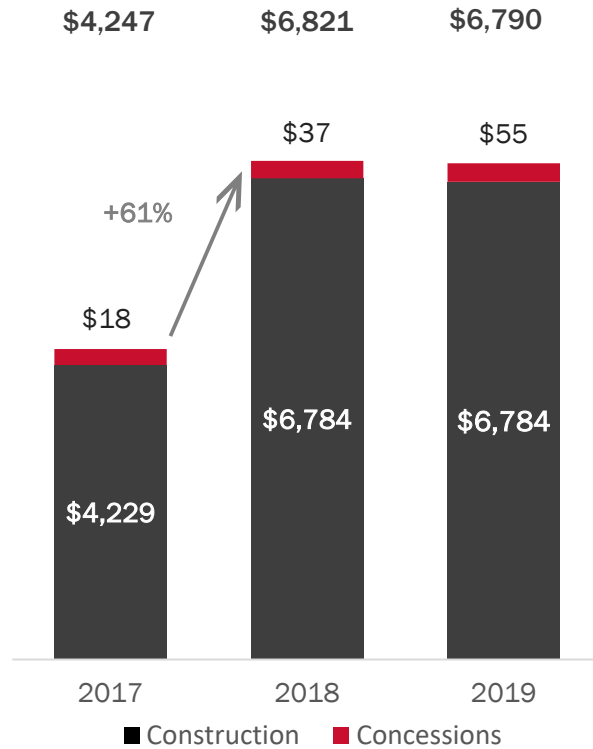
2019 Revenue \$218 M⁺
2019 EBITDA \$83 M⁺

	BERMUDA AIRPORT	100%[^]
	FINCH WEST LRT	33%[^]
	EGLINTON LRT	25%[^]
	GORDIE HOWE INTERNATIONAL BRIDGE	20%[^]
	WATERLOO LRT	10%[^]

Strong Backlog & Recurring Revenue

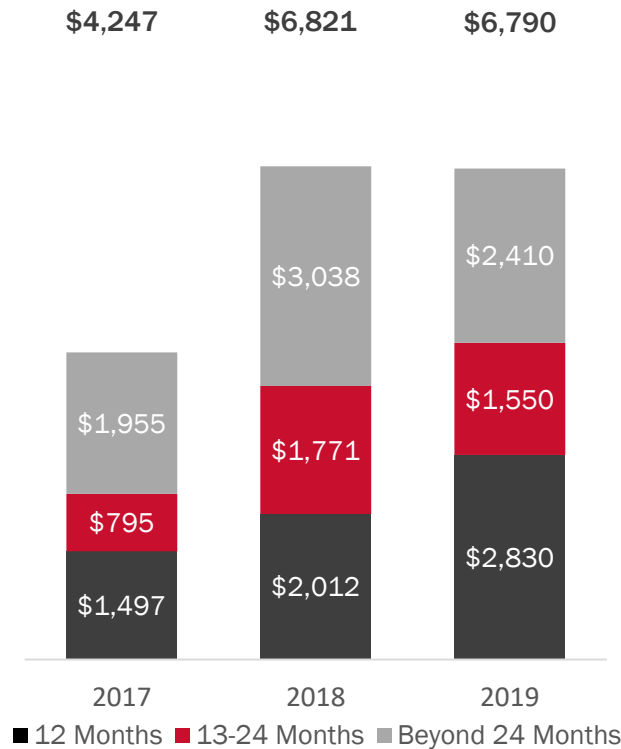
Total Backlog* (\$M)

As at Dec 31



Backlog Duration* (\$M)

As at Dec 31



Recurring Revenue*^ (\$M)

Full Year



Backlog Contract Type As at Dec 31



2019 Revenue+



* Recurring revenue is not included in backlog and is, therefore, revenue over and above work to be performed from contracts in backlog

^ Excludes contract mining recurring revenue in 2017 and 2018 due to sale of business in 2018

+ Revenue contract mix reflects inclusion of recurring revenue (Cost Plus/Unit Price) and timing of backlog work off

Strong Free Cash Flow and Balance Sheet to Support Growth

Free Cash Flow (\$M)		
	Y/E 2019	Y/E 2018
Adjusted EBITDA	221.9	207.0
Cash Interest Expense (net)	(36.0)	(33.0)
Capital Expenditures (net)	(35.6)	(43.0)
Income Taxes Recovered/(Paid)	(6.7)	(1.8)
Free Cash Flow Before W/C and net JV Impact	143.6	129.2
Change in Working Capital	11.1	181.9
Net JV Impact*	(31.5)	(27.1)
FREE CASH FLOW**	123.2	284.0

Free Cash Flow Momentum

- Strong future revenue profile supports an expectation for ongoing solid free cash flow generation

* Net JV Impact represents the difference between Equity Project EBITDA included in Adjusted EBITDA (Equity Project EBITDA as defined in Aecon's MD&A) and distributions from projects accounted for using the equity method

** In addition to free cash flow are proceeds from sale of Contract Mining business: \$151 million in 2018, \$22 million in 2019 and approximately \$12 million to be received in May 2020

Balance Sheet (\$M)	
	Dec 31, 2019
Core Cash [^]	189.0
Cash in Joint Ventures [^]	493.3
Total Cash[^]	682.3
Net Working Capital	83.6
Long-Term Debt [^]	
- Finance Leases [#]	171.4
- Equipment & Other Asset Loans	34.4
LT Debt excluding Convertible Debentures [^]	205.8
Convertible Debentures (Face Value)	
- Due December 2023 (5.0%)	184.0
Total LT Debt plus Convertible Debentures^{^#}	389.8
LT Debt to 2019 Adjusted EBITDA ^{&^#}	
- Excluding Convertible Debentures	0.9 x
- Including Convertible Debentures	1.8 x
Net Debt to 2019 Adjusted EBITDA ^{+ #}	(1.3) x

& Calculations based on face value of convertible debentures

FY 2019 includes impact of IFRS 16 from January 1, 2019 on LT Debt and Net Debt

[^] Excludes non-recourse project debt & restricted cash associated with Bermuda Airport Project

⁺ Net debt calculated as long-term debt (including convertible debentures) less cash

Positive Outlook

Strong future revenue profile supports an expectation for revenue and Adjusted EBITDA growth in 2020

Focused on ensuring solid execution and disciplined bidding approach

- Canada continues to see significant infrastructure investment commitments across the country by all levels of government as well as by non-resource driven segments of the private sector.
- Investment focuses primarily on civil infrastructure, urban transportation systems, nuclear power, and utility and pipeline infrastructure, which aligns with Aecon's strengths.
- Bidding activity continues to be solid with a number of larger pursuits expected to be awarded in 2020.
- Outlook for 2020 remains strong as Aecon's current backlog and recurring revenue contracts, robust pipeline of future opportunities, and ongoing concessions are expected to lead to another year of revenue and Adjusted EBITDA growth in 2020.
- Concessions drives value through internal partnerships and from equity concessionaire role on Waterloo LRT, Eglinton LRT, Finch West LRT, Bermuda International Airport Redevelopment and Gordie Howe International Bridge projects.
- Both segments continue to bid on opportunities that support continued Adjusted EBITDA margin improvement.



ADAM BORGATTI

Senior Vice President

Corporate Development & Investor Relations

416.297.2610 | aborgatti@aecon.com

–

PARAG DATTA

Director

Corporate Development & Investor Relations

647.317.4008 | pdatta@aecon.com



VANCOUVER

1055 Dunsmuir Street, Suite 2124

Vancouver, BC V7X 1G4

–

CALGARY

110-9th Avenue SW, Suite 300

Calgary, AB T2P 0T1

–

TORONTO

20 Carlson Court, Suite 105

Toronto, ON M9W 7K6

–

MONTREAL

2015 Peel Street, Suite 600

Montreal, QC H3A 1T8